

Message Text

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FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

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FOR JURICH, PHELAN

FOLLOWING SENT ACTION SECSTATE FROM MEXICO OCT 5

QUOTE

LIMITED OFFICIAL USE MEXICO 7549

E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: COTTON TEXTILE CONSULTATIONS

REF: STATE 193726

1. IN SHARP CONTRAST TO IMPRESSION LEFT BY MEXICAN DELEGATION IN WASHINGTON CONTAINED PARA 3 REFTEL, LIC. DANIEL BASULTO, DIRGEN, TEXTILE DIV., SECRETARIAT OF INDUSTRY AND COMMERCE, AFTER RETURN TO MEXICO, STRESSED TO EMBOFF HOW UNHAPPY AND DISAPPOINTED HE AND OTHER MEXICAN PARTICIPANTS WERE OVER BILATERAL TEXTILE CONSULTATIONS HELD SEPT 17-19. THE ONLY ASPECT OF TALKS THAT PLEASED MEXICANS WAS EASE WITH WHICH USG AGREED TO READJUSTMENTS IN CERTAIN CONSULTATION LEVELS PROPOSED BY MEXICO, AS GOM HAD ANTICIPATED DIFFICULTIES. WHAT MOST UPSET MEXICAN DELEGATES WAS "COLD" AND

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"IMPERIOUS" WAY IN WHICH US PARTICIPANTS REJECTED

MEXICO'S REQUEST FOR ADDITIONAL 70 MILLION SQUARE YARDS
FOR THIRD AGREEMENT YEAR ONLY.

2. MEXICO IS NOT OPTIMISTIC ABOUT GAINING ANY INCREASES
DURING CURRENT AGREEMENT YEAR. HOWEVER, GOM PLANS TO
REQUEST WITHIN NEXT SEVERAL MONTHS, THROUGH ITS EMBASSY
IN WASHINGTON, THAT TWO MILLION SQ. YARDS OF "MEXICAN
ITEMS" INCLUDED UNDER ANNEX B BE REALLOCATED TO OTHER
CATEGORIES.

3. ANOTHER ASPECT OF WASHINGTON NEGOTIATIONS THAT
INFURIATED MEXICAN DELEGATION, ACCORDING TO BASULTO, WAS
ATTEMPTED USE OF "BLACKMAIL" BY US REPRESENTATIVES.
BASULTO SAID USG OFFERED TO IMMEDIATELY GRANT MEXICO ADDITIONAL 35
MILLION SQ. YARDS FOR THIRD AGREEMENT YEAR ONLY
WITH POSSIBILITY ANOTHER 35 MILLION SQ. YARDS LATER IN
THE AGREEMENT YEAR IF MEXICO WOULD AGREE TO NEGOTIATE
AND SIGN A BILATERAL AGREEMENT ON MAN-MADE FIBERS PRIOR
TO DEC. 31, 1973. MEXICAN DELEGATION CAUGHT OFF GUARD
AS THEY NEVER ANTICIPATED INCLUSION OF THIS SUBJECT ON
AGENDA AND NOT AUTHORIZED BY GOM TO ENTER INTO ANY
DISCUSSIONS.

4. AGAIN, CONTRARY TO IMPRESSION LEFT IN WASH-
INGTON REPORTED PARA 2 REFTTEL, BASULTO NOTED THAT
OFFICIAL GOM POLICY SINCE UNCTAD III IS TO OPPOSE ANY
ARTIFICIAL BARRIER ON EXPORTS OF DEVELOPING COUNTRIES.
THEREFORE, HE SAID GOM WILL VIGOROUSLY OPPOSE MULTI-
LATERAL ALL-FIBER TEXTILE ARRANGEMENT AT FORTHCOMING
GENEVA MEETINGS IN CONJUNCTION WITH OTHER UNCTAD MEMBERS,
ESPECIALLY THOSE FROM LA. ONLY IF INEVITABLE AND FACING
LIKELIHOOD OF UNILATERAL QUOTAS BY US AND OTHER
IMPORTERS WILL MEXICO CEDE AND AGREE TO NEGOTIATE.

5. BASULTO OBSERVED THAT AGREEMENT TO LIMIT EXPORTS OF
ARTIFICIAL FIBERS TO US WOULD IN NO WAY BE IN MEXICO'S
NATIONAL INTEREST. HE NOTED THAT TRADE BALANCE THIS
COMMODITY IS IN US FAVOR AND ASKED WHY MEXICO SHOULD PAY
PRICE FOR COUNTRIES FLOODING US MARKET AND ENJOYING
FAVORABLE TRADE BALANCE. HE CONCLUDED THAT MEXICO HAD
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MADE A MISTAKE BY ACCEDING TO COTTON TEXTILE AGREEMENT
IN 1971 AND UNDER NO CIRCUMSTANCES WOULD EXTEND AGREE-
MENT WHEN IT EXPIRES.

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UNQUOTE KISSINGER

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